

**SUMMARY APPRAISAL REPORT  
NORTH LOOP ROAD LAND  
ALAMEDA, CALIFORNIA**

PREPARED FOR:

MR. DALE LILLARD  
ALAMEDA RECREATION & PARKS DEPARTMENT  
2226 SANTA CLARA AVENUE  
ALAMEDA, CA 94501

JULY 8, 2011

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July 8, 2011

Mr. Dale Lillard, Director  
Alameda Parks & Recreation Department  
2226 Santa Clara Avenue  
Alameda, CA 94501

Re: Summary Appraisal Report  
North Loop Road Land  
Harbor Bay Island  
Alameda, California

Dear Mr. Lillard:

At your request, I have appraised the property referred to above. The purpose of the appraisal is to estimate the market value of the fee simple interest in three parcels containing 12.25 acres on North Loop Road on Harbor Bay Island in Alameda, as described in the report, as of July 6, 2011. The function of the appraisal is to assist the City of Alameda in evaluating a potential land swap offer.

**Appraisal Development and Reporting Process**

The scope of this assignment included inspection of the subject property on July 6, 2011; discussion with Tim Hoppen and Stephen Brimhall of Harbor Bay Isle Associates, the property owner; discussion with the City of Alameda Director of Planning, Andrew Thomas; review of relevant planning and zoning issues; review of Planned Development regulations; discussion with other local officials regarding site conditions and physical constraints; highest and best use analysis; discussion with brokers, buyers, and sellers who are familiar with the subject and its market area; and confirmation and inspection of comparable land sales. It should be noted that a preliminary title report, complete record of easements, and legal descriptions have *not* been available for this assignment.

This assignment is conveyed in this summary report, which is consistent with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Code of Professional Ethics of the Appraisal Institute.

## Competency

A statement of my appraisal qualifications is included in the report. My previous experience includes the appraisal of land in this market. No steps were necessary to comply with the competency provision of USPAP.

## Definitions

**Market Value:** The following definition has been agreed upon by agencies that regulate federal financial institutions in the United States.

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- 1. buyer and seller are typically motivated;*
- 2. both parties are well informed or well advised, and acting in what they consider their own best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

**Fee Simple Estate:** *Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.* (Source: *The Dictionary of Real Estate Appraisal*, 5th ed. [Chicago: Appraisal Institute, 2010].)

## Valuation Report

The following report describes the property and the valuation methodology, and includes pertinent data and analyses leading to the value estimate. ***The value is subject to the hypothetical condition outlined on page 3 of the report regarding potential for entitlements for 112 residential units on the site.*** Based upon the scope of the investigation and analyses, and subject to the assumptions and limiting conditions and to

Mr. Dale Lillard  
City of Alameda  
Page 3

the certification, it is my opinion that the market value of the fee simple interest in property, as of July 6, 2011, is:

**EIGHT MILLION, SEVEN HUNDRED AND NINETY THOUSAND DOLLARS**

**(\$8,790,000)**

Sincerely yours,

A handwritten signature in cursive script that reads "Margaretta J. Darnall". The signature is written in dark ink and is positioned above the printed name.

Margaretta J. Darnall, MAI, SRA

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## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following standard assumptions and limiting conditions:

- No responsibility is assumed for legal matters.
- The value estimate is stated in terms of cash or its equivalent.
- Information, estimates, and opinions included in the report and/or retained in the files are from sources considered reliable. However, I assume no responsibility for the accuracy of such items. Should any data be found inaccurate, I reserve the right to review the final opinion of value.
- I have *not* reviewed a preliminary title report for this assignment. I assume title is good and salable on the valuation date.
- The property is assumed to be under responsible ownership and competent management.
- The property is appraised in as-is condition except as noted.
- The property has *not* been surveyed for this assignment. I assume the land area has been reported correctly and that no easements affect the area.
- A complete geotechnical evaluation of the site was not provided. My review of public records did not disclose any unusual earthquake, flood, or toxic hazards, other than those noted in the report. I have assumed there are not additional soil or subsurface conditions or undiscovered hazards that would adversely affect the highest and best use, development potential and costs, or marketability of the property. If such conditions or hazards are later revealed, I reserve the right to revise my final opinion of value accordingly.
- It is also assumed that there are no site or environmental conditions, other than those discussed in the report, which would place the property under the jurisdiction of the following regulations: Clean Water Act; Clean Air Act; Rivers and Harbors Act; Coastal Zone Management Act; Endangered Species Act, Safe Drinking Water Act; Federal Emergency Management Act; Toxic Substances Control Act; Resource Conservation and Recovery Act; Occupational Safety and Health Act; Comprehensive Environmental Response, Compensation and Liability Act; or the Superfund Amendments and Reauthorization Act.
- In California, Proposition 13 fixed the assessed valuation of real property at 1975 levels and limited annual increases to a 2.0% maximum. However, sale of a 50% or greater interest, or execution of a lease for 35 years or longer, will trigger reassessment at market value. A sale is implicit in the definition of market value.

Consequently, the estimate of market value reflects the impact of real estate taxes from reassessment at the valuation date.

- Maps, plats, and exhibits are for illustration only, and should not be treated as surveys or relied upon for other purposes.

## **HYPOTHETICAL ASSUMPTIONS**

1. The subject of this appraisal is within the Harbor Bay Business Park. The general plan designation is Business Park, and the zoning is Commercial Manufacturing. The owner's request for a general plan amendment and zoning change to allow residential use was denied by the City of Alameda Planning Board in May 2008. Nevertheless, this report makes the hypothetical assumption that the general plan could be amended and the property could be rezoned to build 112 residential units.
2. An amendment to a 1980 agreement between the property owner and the Board of Port Commissioners of the City Oakland was drafted in 2006. The agreement was to be signed and go into effect when and if the City of Alameda approved an amendment to its general plan and a zoning change. This hypothetical amended agreement would have required disclosure of airport noise, attendant environmental effects, acknowledgement that air traffic may increase significantly, a noise and aviation easement, and an agreement not to sue for damages resulting from airport operations to oppose future development or expansion of the airport. A copy of this draft disclosure is included in the Addenda to this report. This report assumes that if 112 residential units could be built on the subject, this disclosure would and agreement would be required.



## EXTRAORDINARY ASSUMPTION

1. A preliminary title report has not been available for this assignment. This report makes the extraordinary assumption that no easements or other legal agreements, other than those discussed in this report affect the subject.

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

<b>Location:</b>	South side of North Loop Road, Alameda, California
<b>Assessor's Parcel Nos.:</b>	074-1337-019-01 074-1337-022-01 074-1337-025-01 074-1337-027-02 074-1337-029
<b>Client:</b>	City of Alameda
<b>Effective Date:</b>	July 6, 2011
<b>Inspection Date:</b>	July 6, 2011
<b>Report Date:</b>	July 8, 2011
<b>Total Land Area:</b>	12.25 acres, more or less
<b>Shape:</b>	Irregular
<b>Topography:</b>	Level
<b>Current General Plan:</b>	Business Park
<b>Current Zoning:</b>	C-M/PD (Commercial Manufacturing/Planned Development)
<b>Assumed General Plan:</b>	Medium Density Residential
<b>Assumed Zoning:</b>	R-2/PD (Two-Family Residential/Planned Development)
<b>Improvements:</b>	None
<b>Highest and Best Use:</b>	Amend general plan and rezone to build 112 single family dwellings.
<b>Value Estimate:</b>	\$8,790,000

*The value is subject to the hypothetical conditions regarding the potential for a general plan and zoning change to approve 112 dwelling units for the site and the amendment to an existing agreement with the Port of Oakland regarding noise and to the extraordinary condition regarding easements and other site encumbrances.*

## **PROPERTY IDENTIFICATION**

### **Location**

North side of North Loop Road, Alameda, California

### **Assessor's Parcel Numbers**

074-1337-019-01

074-1337-022-01

074-1337-025-01

074-1337-027-02

074-1337-029

### **Legal Description**

A legal description has not been available for this assignment.

### **Owner of Record**

Harbor Bay Isle Associates

### **History of Conveyances**

Harbor Bay Isle Associates have owned the land considered in this appraisal for more than three years.

## SUBJECT PHOTOGRAPHS



(1) North Loop Road, looking east



(2) North Loop Road, looking west

## SUBJECT PHOTOGRAPHS



(3) Subject, looking south from Catalina Avenue near Island Drive



(4) Subject, looking north from North Loop Road near the east end

## TAXES AND ASSESSMENTS

### Tax Data

#### Assessed Valuation:

<b>074-1337-019-01:</b> (2010/2011)	Land.....	\$ 999,602
	Improvements.....	\$ <u>-0-</u>
	Total .....	\$ 999,602
	Taxes before direct assessments.....	\$11,371.46
	Direct Assessments.....	<u>\$19,227.56</u>
	Total Real Estate Taxes.....	\$30,599.02
 <b>074-1337-022-01:</b> (2010/2011)	 Land.....	 \$ 761,755
	Improvements.....	\$ <u>-0-</u>
	Total .....	\$ 761,755
	Taxes before direct assessments.....	\$ 8,665.72
	Direct Assessments.....	<u>\$17,025.64</u>
	Total Real Estate Taxes.....	\$25,691.36
 <b>074-1337-025-01:</b> (2010/2011)	 Land.....	 \$ 943,282
	Improvements.....	\$ <u>-0-</u>
	Total .....	\$ 943,282
	Taxes before direct assessments.....	\$10,730.76
	Direct Assessments.....	<u>\$18,697.98</u>
	Total Real Estate Taxes.....	\$29,428.74
 <b>074-1337-027-02:</b> (2010/2011)	 Land.....	 \$ 849,183
	Improvements.....	\$ <u>-0-</u>
	Total .....	\$ 849,183
	Taxes before direct assessments.....	\$ 9,660.30
	Direct Assessments.....	<u>\$17,833.94</u>
	Total Real Estate Taxes.....	\$27,494.24
 <b>074-1337-029:</b> (2010/2011)	 Land.....	 \$ 145,095
	Improvements.....	\$ <u>-0-</u>
	Total .....	\$ 145,095
	Taxes before direct assessments.....	\$ 1,650.60
	Direct Assessments.....	<u>\$ 4,701.54</u>
	Total Real Estate Taxes.....	\$ 6,352.14

## **Improvement Bonds**

The subject is within special assessment district 92-1 in Alameda County. The bonds will be paid off at the end of the 2011-2012 tax year. The total remaining bond payments on all five assessor's parcels is \$170,931 and includes principal, interest, and fees. This amount will be deducted from the final value conclusion. Discounting is not appropriate over the remaining one-year period.

## **Proposition 13**

Passage of Proposition 13 by the California electorate in 1978 fixed the assessed valuation of real property at 1975 levels and limited annual increases in assessed values to a 2.0% maximum. However, sale of a 50% or greater interest, or execution of a lease for 35 years or longer, can trigger a reassessment at current market value.

A sale is explicit in the definition of market value. Accordingly, the estimate of fair market value reflects the impact of real estate taxes from reassessment due to sale.

## **Tax Rate**

The subject is in Tax Rate Area 21-000 in Alameda County. The tax rate for the 2010-2011 tax year is 1.1376%.

## NEIGHBORHOOD DESCRIPTION

The subject is on Bay Farm Island in the City of Alameda. The area is east of the main island of Alameda and is connected to the main island by a bridge at the end of Otis Drive. The bridge leads directly to Doolittle and Island Drives, two Bay Farm Island arterials. The neighborhood includes the 312-acre Harbor Bay Business Park, a hotel, a retail center, and housing developments. There is water frontage along San Leandro Bay and San Francisco Bay.

The neighborhood is approximately five miles southeast of downtown Oakland and approximately 12 miles east of downtown San Francisco. The Coliseum/Oakland Airport BART station is approximately four miles northeast of the subject. Ferry service is also available to and from San Francisco. Access to the Nimitz Freeway (Interstate 880) leading directly to the San Francisco Bay Bridge, Berkeley, and San Jose is via Doolittle Drive to Hegenberger Road or 98th Avenue.

Historically, Bay Farm Island was an island, detached from the City of Oakland. It was used commercially for its oyster beds and asparagus farming. Landfill attached Bay Farm Island to Oakland many years ago. When the adjacent Oakland Airport expanded in the 1950s, some farms were redeveloped with single family housing. The majority of the housing on the island has been built since the 1970s. According to the City of Alameda Economic Development Department, the population is estimated at 14,000 with approximately 4,300 dwelling units.

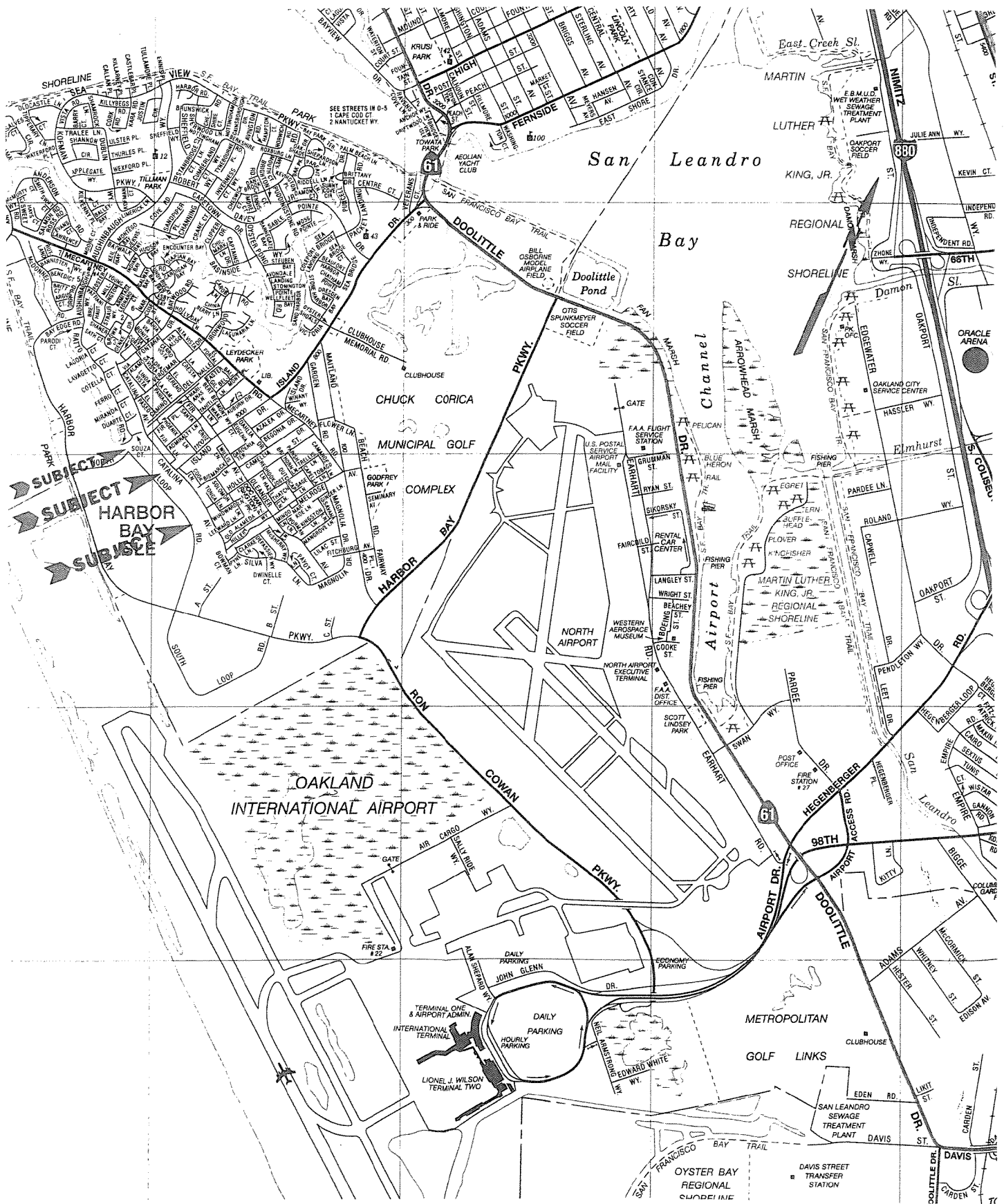
The only retail development on Bay Farm Island is the Harbor Bay Landing Shopping Center at Island Drive and McCartney Road. This neighborhood center has approximately 140,000 square feet, including 24,000 square feet of office space, serving the local community. Harbor Bay Landing is anchored by a Safeway grocery store and a CVS drugstore. Current vacancy is less than 10%.

Harbor Bay Business Park contains approximately 1,800,000 square feet. Major tenants include Abbott Laboratories, the Oakland Raiders, and Peet's Coffee and Tea corporate offices and processing plant. Office/flex vacancy in Harbor Bay Business Park remains very high. According to information from Colliers Parrish, a commercial real estate brokerage firm, at the end of the first quarter 2011, vacancy was 24.4%, nearly the same as at the beginning of the year. Vacancy rates have been in this range for nearly ten years. The vacancy rate is comparable to Marina Village at the west end of the main island, but lower than the Oakland Airport market, which has approximately 30% vacancy. Alameda office vacancy is much higher than comparable locations in downtown Oakland, Berkeley, Emeryville, and the San Francisco Bay Area in general and reflects the difficult access and isolation of this neighborhood for technology and biotechnology companies.

The residential portion of Bay Farm Island covers approximately 600 acres. The homes typically have two to four bedrooms. Some are larger, and some have views across San



## Neighborhood Map



Francisco Bay to downtown San Francisco. The common areas are nicely landscaped and provide access to the shoreline and internal lagoons. The median sale price in May 2011 was \$431,500. The highest recorded price in March 2011 was \$1,073,000. These prices are down approximately 30 to 35% since the top of the residential market in 2007. Alameda residential brokers generally consider Bay Farm Island superior to the main island because the homes are newer and more homogeneous and because its isolation makes it feel safer. The only negative factor is noise from the nearby Oakland Airport.

There are no new housing developments proposed on Bay Farm Island. On the main island, Warmington Homes is currently selling 40 new homes in Grand Marina Village, a new subdivision at the foot of Grand Street, adjacent to the Grand Marina on the Oakland Estuary. The project and the land sale will be discussed in the valuation section of this report. Warmington Homes is reportedly negotiating with the City of Alameda to purchase and move the city's corporation yard from a nearby site. After many years of negotiations, the City of Alameda has approved 182 units of housing for another site on Clement Avenue west of Park Street, also on the Oakland Estuary. The parcel map will be reviewed by the Planning Board in June 2011 and voted on by the City Council in July 2011. The owners are reportedly in contract, pending approvals, with Pulte Homes, who would still need design review for this site. Another site at Crab Cove, south of Central Avenue on San Francisco Bay, now owned by the Federal government, is being sold in an on-line auction which began June 1, 2011 with a minimum bid of \$1,000,000. The site is adjacent to Robert Crown Memorial State Beach and is identified as a housing site in the housing element of the Alameda General Plan. This site will be discussed in the valuation section of this report. Despite the national economic recession, there appears to be demand for housing and for land in the City of Alameda.

Overall, Bay Farm Island appears economically stable and is a desirable location to live and work.

## PROPERTY DESCRIPTION

The subject is three irregularly shaped parcels in five assessor's parcels on the north side of North Loop Road and the south side of Catalina Avenue. The overall land area is approximately 12.25 acres. The depth between North Loop Road and Catalina Avenue varies from 251.22 feet to 278.92 feet. The total frontage along North Loop Road is 1,898.89 feet. The total frontage along Catalina Avenue is 1,489.11 feet. The Assessor's Parcel Map is on the following page. The original parcel map follows the assessor's map. The sites have frontage on North Loop Road and Catalina Avenue. Both North Loop Road and Catalina Avenue are 64 feet wide. Access is not permitted from Catalina Avenue.

### *Land Areas*

<u>APN</u>	<u>Land Area</u>	<u>Overall Area</u>
074-1337-019-01	144,052	390,179
074-1337-022-01	109,942	390,179
074-1337-025-01	136,185	390,179
074-1337-027-02	122,270	122,270
074-1337-029	19,637	19,637

The overall parcels are separated by two preschools: Kindercare and the Garner School. The property east of the subject on North Loop Road is the Chinese Christian Church and its school. The properties on the north side of Catalina Avenue are single family residences. The properties on the south side of North Loop Road are office and manufacturing, including food processing businesses. The food processing businesses emit odors and are permitted to use North Loop Road for truck access at all hours. It is reasonable to assume that sound walls along North Loop Road would be desirable to buffer the noise from the commercial uses. The additional costs are not available.

### **Improvements**

The site is unimproved with the exceptions of a berm, a continuous fence, and landscaping along Catalina Avenue. As previously mentioned, access to the sites is not permitted from Catalina Avenue.

### **Easements**

A preliminary title report and record of existing easements have not been available for this assignment. The parcel map shows an easement crossing the parcel from Catalina Avenue to North Loop Road. This is reportedly a storm drain easement. The terms of this easement have not been available. For purposes of this assignment, it is assumed that

# Assessor's Parcel Map

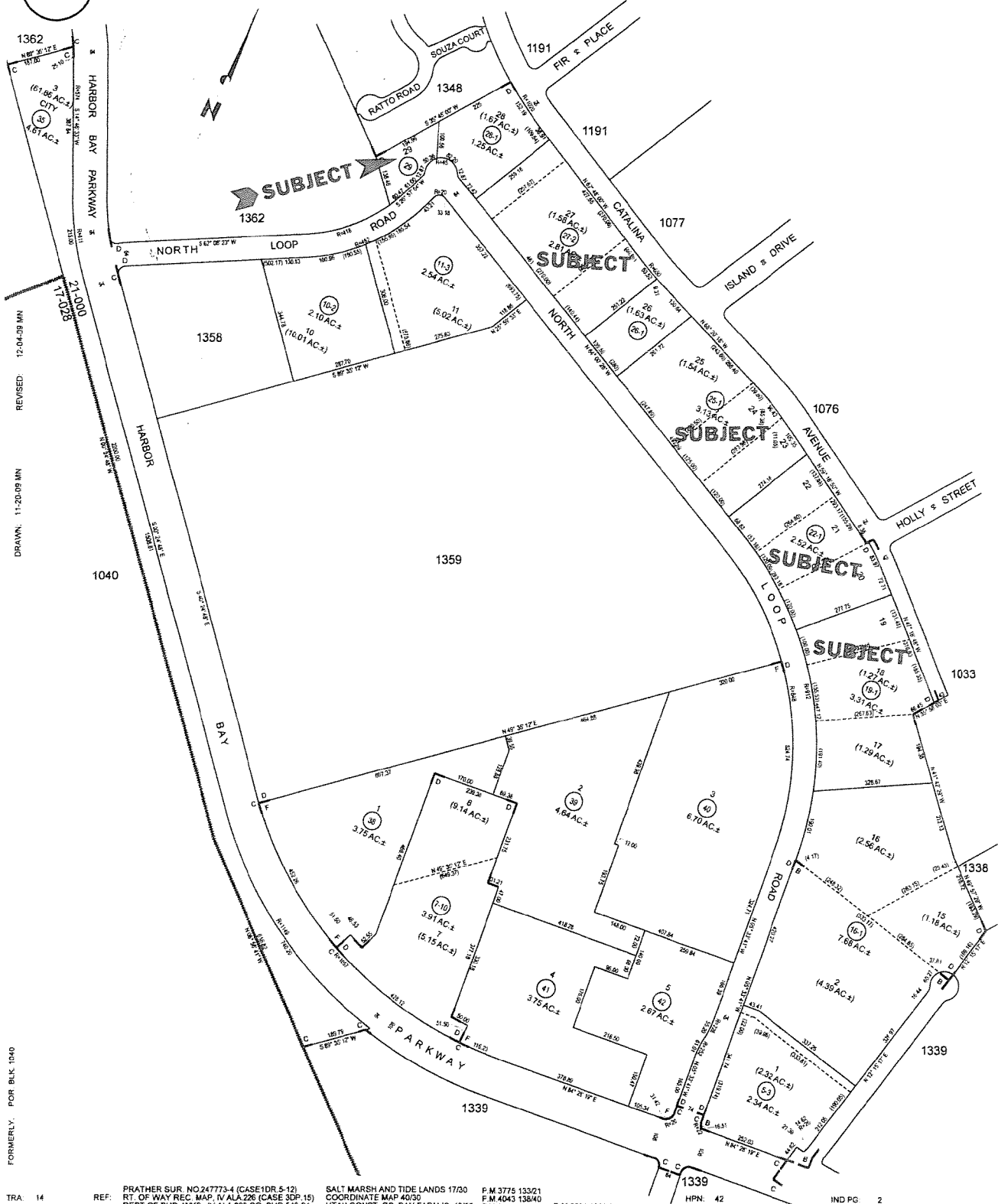
## ASSESSOR'S MAP 74

1337

SCALE: 1" = 200'

Code Area Nos. 21-000

(B) P.M.4238	146/89-91	(D) P.M.5274	176/4-11
(C) P.M.4497	152/3-4	(F) P.M.8320	280/5-7



TRA: 14

REF: PRATHER SUR. NO.247773-4 (CASE 10R 5-12)  
RT. OF WAY REC. MAP. N ALA 226 (CASE 30P 15)  
DEPT. OF PUB. WKS., IV ALA 226-CO, SUR 548-84

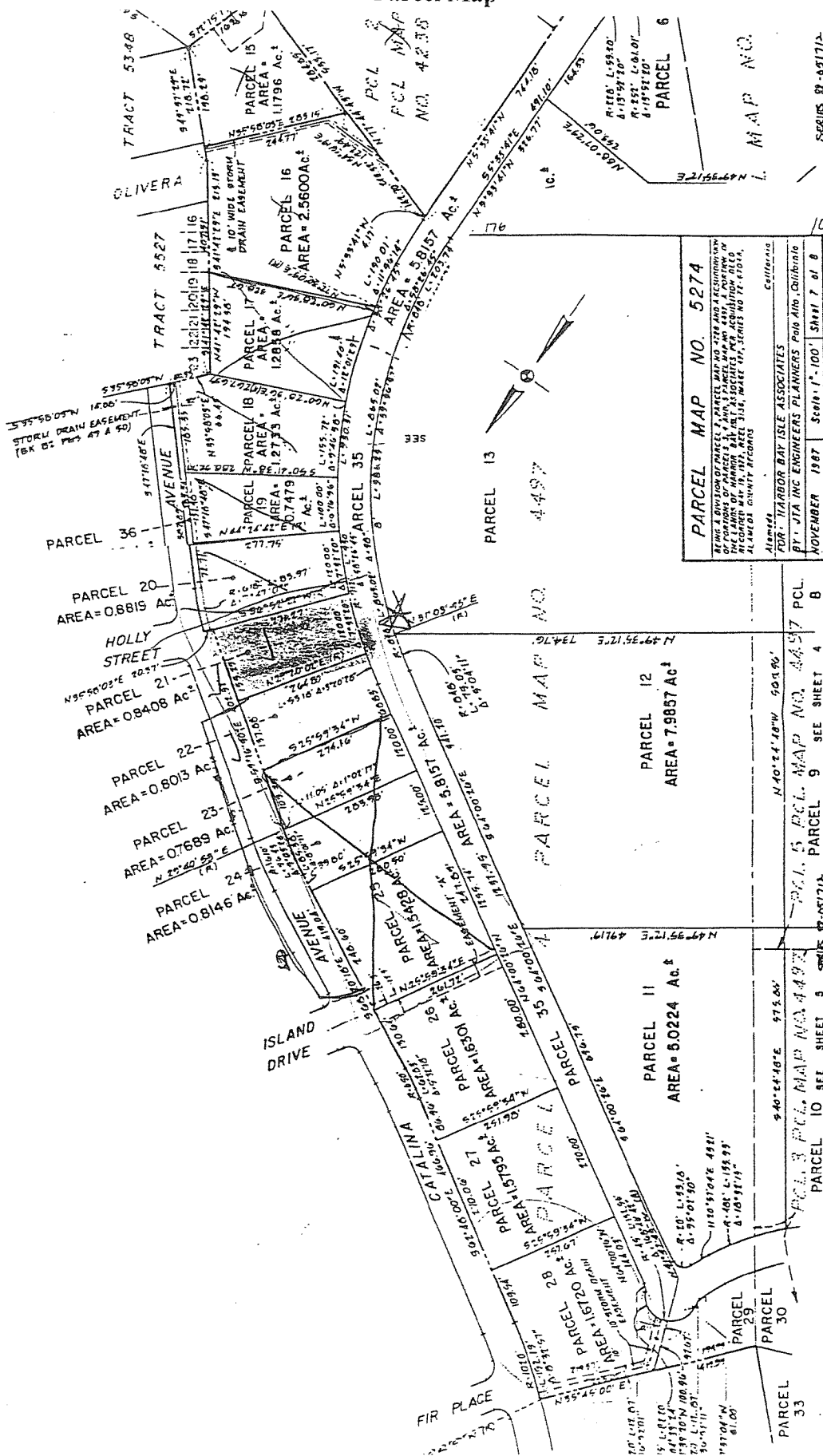
SALT MARSH AND TIDE LANDS 17/30  
COORDINATE MAP 40/30  
UTAH CONST. CO. BAY FARM IS. 40/53

P.M.3775 133/21  
P.M.4043 138/40  
P.M.6024 190/12  
P.M.5024 190/12

HPN: 42

IND PG: 2

## Parcel Map



this easement would fall within a street or setback within a proposed subdivision and would not impact the value of the property.

In addition to the utility easement, a noise easement is referenced in a 1980 agreement between the City of Oakland's Board of Port Commissioners and Harbor Bay Isle Associates. In addition, a 2006 agreement between the Port of Oakland and Harbor Bay Isle Associates, which would go into effect if the Alameda General Plan and zoning were amended to allow housing on the subject site, requires a noise or a noise and aviation easement over the entire subject and references the earlier easement. The intent of this agreement is a hypothetical assumption of this report. The intent is to notice residents that noise of planes taking off and landing will disturb residents and that the Port of Oakland has the right to continue and expand such activities. A disclosure would also require homeowners to agree not to sue or claim damages from these activities and not to oppose future expansion of the airport. It is an extraordinary assumption and limiting condition of this report that there are no additional easements which could affect the value conclusion in this report.

It should also be noted that the noise contours, which guided the 1980 agreement and the proposed 2006 revisions, are being revised. A review of a 2010 noise contour map shows the subject outside the boundary of the noise impact zone. This could affect future decisions regarding the suitability of the subject site for housing.

### **Utilities**

Facilities for public utility service such as water, sanitary sewer, gas, electricity, and telephone are in place in the general vicinity of the subject and are reported to be in good working order.

### **Soil Conditions**

Soils reports have not been available; however, no drainage problems were apparent during inspection, and there was no evidence of detrimental effects on the sites due to adverse soil conditions. It is assumed that soil and subsurface conditions are similar to those in the general area, and that they do not adversely affect the site, the development potential, the highest and best use, the development cost, market appeal, or the market value of the property.

### **Flood Hazard**

According to the Federal Emergency Management Agency's Flood Insurance Rate Map (Panel 060 01C 0251G, dated August 3, 2009), the subject is in Flood Zone X, defined as

areas of 0.2% annual chance flood. There are no special construction requirements in this area. Flood insurance is not required.

### **Seismic Hazard**

The subject is in the seismically active San Francisco Bay Area, the location of several strong earthquakes in historic times. The subject is not within an Alquist-Priolo special study zone. Properties in the immediate vicinity suffered minimal damage in the October 17, 1989 Loma Prieta earthquake. The subject is, however, within a seismic liquefaction zone. This zone covers all of Bay Farm Island.

### **Toxic Waste Hazard**

No assessment of the subject's toxic contamination has been submitted in connection with this assignment. Its historic use as a golf course suggests that toxic conditions from fertilizers and weed killers are possible. This report assumes the property does not suffer from any toxic contamination that would adversely affect the site or its improvements, the highest and best use of the property, or the final opinion of value.

## ZONING AND OTHER LAND USE REGULATIONS

The subject is in the City of Alameda. The general plan designation is now Business Park, and the current zoning is C-M/PD, Commercial Manufacturing/Planned Development. A copy of the planned development regulations which apply to the business park is in the Addenda to this report. It should be noted that the maximum site coverage on lots up to 1.5 acres is 50%. On lots between 1.5 and 5.5 acres, the maximum coverage is 40%, and on lots over 5.5 acres, the maximum coverage is 35%. The frontage on Catalina Avenue requires deeper setbacks with additional landscaping and berms. As previously noted, there is no site access from Catalina Avenue and the landscaping and berms are already in place. The Catalina Avenue setbacks do not affect the allowable site coverage and the existing landscaping counts towards the required landscaping.

*This appraisal assignment makes the hypothetical assumption that the general plan designation could be amended to Medium Density Residential and that the zoning could be changed to R-2/PD, Two-Family Residential/Planned Development. The appraisal also makes the hypothetical assumption that 112 dwelling units would be approved on the 12.25-acre site, as described in this report.*

The **R-2** zoning, Two-Family Residence District, applies to parcel 3 listed above. It is applicable in areas where two-family dwellings are to be the dominant use, based on density standards in the General Plan.

Permitted uses include one and two-family dwellings, public facilities, agriculture, horticulture, day care homes, and residential care facilities for up to six people.

Use permits are required for private and religious schools, day care centers, churches, community care facilities, bed and breakfast facilities, and automobile parking lots.

The minimum lot area is 5,000 square feet, and the minimum lot width is 50 feet. The maximum site coverage is 45% or 53% with a garage. The maximum building height is 30 feet. The minimum front yard is 20 feet; the minimum side yards are five feet; and the minimum rear yard is 20 feet. The minimum usable open space requirement is 600 square feet per dwelling unit.

A **PD**, Planned Development Combining District, would apply in this case. The purpose of this district is to provide more flexibility in site planning and land uses than would otherwise be allowed in the underlying zoning district. It is also intended to promote project compatibility with surrounding uses and to reduce or avoid adverse environmental effects. A development plan is required with an application for approvals.



## **Conclusion**

As explained above, this report makes hypothetical assumptions regarding the general plan, zoning, and overall residential development density on the subject. Based on these hypothetical assumptions, the permitted residential density on the subject would be eight dwelling units per gross acre. The City of Alameda requires that 15% of the units be affordable housing. Assuming 112 units, the requirement in this case would be 17 units at below market rate. Based on discussion with the City of Alameda's Director of Planning, a potential buyer could expect 18 months to complete the approval process.

## HIGHEST AND BEST USE

Highest and best use is defined by the Appraisal Institute as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.”

The determination of highest and best use considers the contribution of specific uses to the community and its development goals, as well as the benefits to individual property owners. A highest and best use analysis is based on judgment and is an opinion, not a fact. In appraisal practice, value is based on the highest and best use of the property as if vacant and as improved.

There are four stages of analysis in evaluating highest and best use:

1. Legally permissible uses.
2. Physically possible uses.
3. Financially feasible uses which produce a net return to the owner.
4. Among the financially feasible uses, the highest and best use produces the highest net return.

### Highest and Best Use

As explained in the site description, the subject is three irregularly shaped parcels zoned for commercial use in a business park. ***This appraisal is based on the hypothetical assumption that the general plan and zoning could be amended to permit 112 residential units on the site.*** The physical limitations are the size, shape, and access. In this case the shape and access are good and would allow for a wide range of development plans. As mentioned earlier, Alameda housing prices, including Bay Farm Island prices, have declined since 2007. Homes, however, continue to sell, and foreclosure activity is much lower here than in other parts of the San Francisco Bay Area and California as a whole. Review of market activity and discussion with residential brokers indicates that there is demand for additional housing on Bay Farm Island.

Further analysis demonstrates that the value of the land for business park use would be approximately \$15.00 per square foot, or an overall rounded value of \$8,000,000, less the outstanding bond balance of \$170,931. This value is based on the commercial land sales included in the Addenda to this report. It should be noted that the last direct arm's length commercial land sale in Harbor Bay Business Park occurred in 2001 for \$20.00 per

square foot plus bonds equal to \$2.22 per square foot. This was the sale of the 7.68-acre site adjacent to the subject for a church and school. Peet's Coffee and Tea purchased a build-to-suit project which included the land and building in 2005. The land residual for this transaction is an unreliable indication of land value. Market conditions for business park land are now inferior to those at the time of the sale and the build-to-suit project for Peet's Coffee and Tea. Additional land is still available for build-to-suit projects. The \$8,000,000 commercial land value is based on comparable land sales in the Coliseum and Airport areas of Oakland. These sales occurred between July 2008 and July 2010. The sale prices are between \$19.32 and \$28.38 per square foot. The four highest sales were purchased by public agencies. The sale at the low end of the range was an improved parking lot with a lease which provided a return of over 12%. All of these sites have much better freeway access and exposure than the subject and more permissive zoning than the subject. It is reasonable to conclude that the subject site, for commercial use, would be worth less than any of the comparable sales.

Of the physically possible, legally permissible with the hypothetical assumptions outlined on page 3 of this report, and financially feasible uses, the use that produces the highest net return is to amend the general plan and zoning and proceed with entitlements for 112 dwelling units on the site.

This highest and best use analysis concludes that, based on the hypothetical assumptions described above and on page 3 of this report, the highest and best use of the site would be to amend the general plan and zoning and proceed with entitlements for 112 dwelling units on the site.

## VALUATION PROCEDURE

The three standard techniques for estimating value are the cost, sales comparison, and income approaches. Each uses data derived from the market, and is based upon the direct comparison of the unit values, rates, and other factors, which are developed from the market data.

The previous analysis concluded that the highest and best use of the site would be to amend the general plan and zoning and proceed to get approvals for 112 dwelling units on the site. *This highest and best use is based on the hypothetical assumptions outlined on page 3 of this report.*

This appraisal relies upon the sales comparison approach, in which sales of similar properties are analyzed and correlated to the subject. The cost approach is not applicable because the site is unimproved. The income approach is not applicable because the subject will not generate income.

### **Personal Property, Fixtures, and Intangible Items**

No personal property, fixtures, or intangible items are included in the appraisal. None of the comparable sales or rents included personal property, fixtures, or intangible items.

## VALUATION

In this sales comparison approach, sales of properties similar to the subject are compared to the subject with adjustments made for dissimilar characteristics. The approach is based primarily on the principle of substitution, and the premise is that the market determines a price for the properties being appraised in the same manner that it determines prices for comparable properties.

Recent residential land sales in the City of Alameda have been investigated. Discussion with buyers, sellers, and brokers indicated that there is a limited market for land at the present time. I have found one relatively comparable land sale which has closed since 2009 in the City of Alameda. I have also included information on one property in the City of Alameda reportedly under contract to purchase, contingent on all approvals, and one property in the City of Alameda which is currently being auctioned without approvals. Data sheets for these properties are included in the Addenda. The table on the following page summarizes the sales data. A map identifies the properties' locations relative to the subject. The purchase prices are shown as a price per square foot. This the typical unit of comparison in this market

**Sale 1**, at the northwest corner of Grand Street and Fortmann Way, is a 5.4-acre site which was sold to Warmington Grand Marina Associates. It is adjacent to the Grand Marina and has frontage facing the Estuary separating Oakland and Alameda. The site was unimproved. The original purchase agreement was signed in January 2005, and was amended several times before it closed in September 2009 for \$3,000,000. At the time of the contract, the site was zoned M-2. The sale was contingent on the buyer rezoning the property, receiving entitlements for 40 single family homes, and negotiating the required below market rate (BMR) units with the City of Alameda. Sales of the four-bedroom homes began in May 2010. Base prices have remained stable at \$649,800 and \$698,800. Lot premiums of up to \$100,000 have been negotiable. The sales staff reports that of the 40 units, 15 sales have closed, and five additional sales are scheduled to close upon completion of the homes in July 2011. The land sale price is equal to \$12.75 per square foot, or \$75,000 per unit (including BMRs).

Market conditions at the time the transaction closed were generally similar to current conditions. The property's location, adjacent to the Estuary and industrial uses, is inferior to the subject's Bay Farm Island location. The site utility is similar to the subject's. The land area is smaller and is therefore superior to the subject. Overall, the sale is inferior to the subject because of the unusually long entitlement process.

**Sale 2** is at 2235 Clement Avenue at the northwest corner of Oak Street on the main island in Alameda with frontage on the Oakland Estuary. The 297,079-square foot site is improved with approximately 124,000 square feet of old marine and industrial buildings in poor condition. The improvements are vacant. The seller has had the general plan amended and the property rezoned to R-2/PD for 182 dwelling units. He will go before

## Land Sales

	Location	Land Area (sf)	Sale Date Closing Date	Sale Price	Proposed Use	Price/Sq. Ft. Land	Zoning	Comments
1	Grand St & Fortmann Way Alameda 072-0381-005, 008, 011	235,224	Jan-05 Sep-09	\$ 3,000,000	40 single family dwellings	\$ 12.75	MX	Buyer was responsible for changing zoning and obtaining entitlements during the escrow. The final approvals include 6 on-site BMRs. Price equals \$75,000 per unit.
2	2235 Clement Avenue Alameda 071-0290-001	297,079	2011 NA	##### 182	dwellings	\$ 100.98	R-2/PD	Site is improved with 124,000 sq. ft. of old industrial bldgs. Seller is responsible for all approvals and entitlements. Price equals \$164,835 per unit.
3	McKay Avenue Alameda 074-1305-026 (portion)	169,827	Jun-11 NA	\$ 1,050,000	Housing Assume 8 units/acre 31 dwellings	\$ 6.18	A-P-G	Excess U. S. government property is being auctioned. Price shown is the bid at the valuation date. No zoning or entitlements. Price equals \$33,871 per potential unit.
	North Loop Road Alameda 074-1337-019-01 074-1337-022-01 074-1337-025-01 074-1337-027-02 074-1337-029	533,610	NA	NA	112 dwellings assumed	NA	R-2/PD Assumed	Subject

# Sales Map



the Alameda Planning Board in July 2011 for approval of a parcel map. This is scheduled to go to the Alameda City Council later in July 2011, assuming it is accepted by the Planning Board. The seller reportedly has a contract to sell the property to Pulte Homes for \$30,000,000. The price and contingencies have not been confirmed by either party, making this information unreliable. The surrounding uses include marine, industrial, and housing. Retail services are within one block of the subject on Blanding and Park Street. The reported purchase price is equal to \$100.98 per square foot or \$164,835 per unit. It is reasonable to assume that the price includes all entitlements and approvals from the City of Alameda. There may be other contingencies

Market conditions at the time the transaction closed were generally similar to current conditions. The property's location, adjacent to the Estuary, is inferior to the subject's Bay Farm Island location. The site utility is similar to the subject's. The land area is smaller and is therefore superior to the subject. Overall, the sale is far superior to the subject because of the entitlements.

**Sale 3**, on the west side of McKay Avenue on the main island of Alameda, is a 169,827-square foot site which will be auctioned, beginning June 1, 2011, by the General Services Administration (GSA) of the United States Government. The site is improved with two office buildings, constructed in the mid-1940s, containing an estimated 25,232 square feet. The buildings are in poor and/or unsafe condition. According to the GSA disclosures, the improvements contain asbestos, lead based paint, and mold. Demolition costs are not available. The surrounding uses include retail and housing off of Central Avenue and Crab Cove Regional Park and the San Francisco Bay Trail on the east side of McKay Avenue. McKay Avenue is a private road, owned by the State of California and leased to the East Bay Regional Park District. The United States Government has an easement over McKay Avenue for access to its office buildings. Development on this site would require renegotiation of access over McKay Avenue. The purchase price will be established in an on-line auction which opened June 1, 2011. The minimum bid was \$1,000,000. The seller is accepting only all cash offers and expects to close the sale without contingencies within 60 days of accepting a bid. At the valuation date there had been two bids and the price was \$1,050,000, equal to \$6.18 per square foot or \$33,871 per potential unit, assuming a density of eight units per acre. The closing date of the auction has not been determined.

Market conditions at the time the auction closed are current. The property's location, adjacent to Crab Cove, is inferior to the subject's Bay Farm Island location. The site utility is inferior to the subject's because of access. The land area is smaller and is therefore superior to the subject. Overall, the sale is far inferior to the subject because of the potential difficulty of obtaining entitlements and the unknown cost of demolition and bringing utilities to the site.



## Conclusion

The table below summarizes the qualitative adjustments discussed above on the basis of price per square foot of land. It should be noted that the subject and all of the sales will be required to have 15% of the total dwellings dedicated to affordable housing.

### *Qualitative Adjustments*

<u>Sale</u>	<u>Sale Price/ Unit</u>	<u>Market Conditions</u>	<u>Location</u>	<u>Utility</u>	<u>Size</u>	<u>Overall</u>
1	\$ 75,000	similar	inferior	similar	superior	inferior
2	\$164,835	similar	inferior	similar	superior	superior
3	\$ 33,871	similar	inferior	similar	superior	inferior

The transaction which is inferior to the subject sold for \$75,000 per potential unit. Sale 3, with an auction bid price of \$33,871 per potential unit is also inferior to the subject. Sale 2, the transaction which is superior to the subject has a reported contract price of \$164,835 per unit. This suggests the value for the subject would be between \$75,000 and \$164,835 per square foot. This is a wide range. Sale 2 is substantially higher than Sales 1 and 3 because it includes zoning, approvals, and possibly other contingencies. In the case of Sale 1, the buyer was responsible for obtaining zoning and approvals. Sale 3 will be sold without zoning and approvals. The subject would require a general plan amendment, rezoning, and approvals by a potential buyer after the sale; however, this process should be shorter than the four and one half years the buyer needed on Sale 1. Taking all factors into consideration, including but not limited to the proximity of commercial aviation, commercial manufacturing, and required disclosures, a value of \$80,000 per unit would be reasonable for the subject.

$$\$80,000 \times 112 \text{ units} = \$8,960,000$$

This value would be equal to \$16.79 per square foot. This is 32% above Sale 1, which is appropriate given the higher density and superior location of the subject on Bay Farm Island. As previously explained, the subject land is encumbered with improvement bonds. The remaining payments, due during the 2011-2012 tax year, are \$170,931. This amount needs to be deducted from the value shown above.

$$\begin{aligned} \$8,960,000 - \$170,931 &= \$8,789,069 \\ &\text{Rounded to } \$8,790,000 \end{aligned}$$

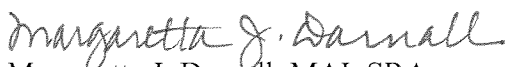
Taking all factors into consideration, it is my opinion that the market value of the subject property, as of July 6, 2011, is \$8,790,000.

***This value is subject to the Hypothetical Assumption outlined on page 3 of this report, to the Extraordinary Assumption outlined on page 4 of this report.***

## CERTIFICATION

The undersigned certifies to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- I have inspected the property that is the subject of this report on July 6, 2011 with Tim Hoppen of Harbor Bay Isle Associates.
- No one provided significant professional real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



Margaretta J. Darnall, MAI, SRA

AG012544

July 8, 2011

**APPRAISAL QUALIFICATIONS**  
**MARGARETTA J. DARNALL, MAI, SRA**

Independent real estate appraiser and consultant, specializing in complex valuation problems.  
Expertise in the appraisal of various property rights for public and private acquisition, arbitration, eminent domain, litigation, mortgage lending, property tax appeals and other purposes.  
Experience includes appraisal and consulting assignments involving contamination, easements, entitlement issues, ground leases, and partial property rights.  
Qualified as expert witness Alameda County Superior Court.  
Previous assignments have included land in this market.

***APPRAISAL INSTITUTE:***

MAI designation #10290. SRA designation.  
Northern California General Experience Review Committee since 1996, Chairman 2003-2004. Residential Experience Review Chairman 2005-2007.  
American Institute of Real Estate Appraisers courses: Real Estate Valuation Principals, Basic Valuation Procedures, Capitalization Theory and Techniques Parts A & B, Case Studies in Real Estate Valuation, Report Writing and Valuation Analysis, and Standards of Professional Practice.

***APPRAISAL INSTITUTE CONTINUING EDUCATION SINCE 1994:***

Understanding Limited Appraisals and Reporting Options  
Federal and State Laws and Regulations  
Preparing Appraisals for Tax Appeals  
Subdivision Analysis  
Redevelopment Law, Land Use, and Value  
The Appraiser as an Expert Witness: Preparation and Testimony

***STATE LICENSE:***

Certified General Real Estate Appraiser, State of California, Office of Real Estate Appraisers (OREA), license #AG 012544 expires January 20, 2013.

***EDUCATION:***

A.B. in Architecture, University of California, Berkeley.  
M.A., Ph.D. in History of Architecture and Urban Development, Cornell University.

***PARTIAL LIST OF CLIENTS:***

City of Oakland	Summit Bank
Port of Oakland	Bank of Alameda
East Bay Municipal Utility District	East Bay Regional Park District
City of San Leandro	Goldfarb & Lipman
City of Alameda	Fitzgerald Abbott & Beardsley

## **ADDENDA**

STATEMENT OF DISCLOSURES TO POTENTIAL HOMEOWNERS  
FOR VILLAGE SIX

and

AGREEMENT OF HOME BUYERS  
REGARDING OAKLAND AIRPORT

Buyer acknowledges that Seller has informed Buyer as follows:

\_\_\_\_\_. The lot and home that you are purchasing is located within the Village Six Area. The Village Six Area is located in the immediate vicinity of the Metropolitan Oakland International Airport (the "Airport"). **AIRCRAFT LANDING AT OR TAKING OFF FROM THE AIRPORT WILL GENERATE NOISE** which will be heard on your lot and **MAY BE HEARD WITHIN YOUR HOME AT ALL HOURS OF THE DAY AND NIGHT.**

\_\_\_\_\_. Seller is required by the governmental approvals that permitted the development of the Village Six Area with residential units to construct all the homes in Village Six with noise attenuation measures. While these measures will reduce the perception of outside noise while you are within your home, these **NOISE ATTENUATION MEASURES WILL NOT ELIMINATE THE PERCEPTION IN YOUR HOME OF LOUD SINGLE EVENT NOISES** emitted from aircraft landing in or taking off from the Airport or flying over your home. **AIRCRAFT-RELATED NOISE WILL PROBABLY CAUSE SOME ANNOYANCE OR DISTRACTION FROM TIME TO TIME IN YOUR HOME.**

\_\_\_\_\_. Aircraft operations sometimes have environmental impacts on properties near airports in addition to noise, including, without limitation, illumination (such as aircraft lights at night or sun glare off aircraft), vibrations, airborne particles of matter, smoke, fuel releases, electronic or other emissions, and exhaust gases. Some of these emissions could be hazardous to persons on the ground, especially sensitive receptors such as children, the elderly or sensitive individuals. **THESE ENVIRONMENTAL EFFECTS OF AIRCRAFT OPERATIONS MAY CAUSE PHYSICAL DISCOMFORT OR ANNOYANCE OR INCONVENIENCE TO PERSONS ON YOUR LOT OR IN YOUR HOME.**

\_\_\_\_\_. Airport operations and aircraft activities from both the general aviation portion of the Airport (cargo, private airplanes, flight schools) and the passenger air carrier portion of the Airport **MAY INCREASE SIGNIFICANTLY IN THE FUTURE, THEREBY INCREASING THE IMPACT OF NOISE AND OTHER EFFECTS OF**

EXHIBIT I-1

**AIRCRAFT OPERATIONS ON PERSONS LOCATED ON YOUR LOT OR IN YOUR HOME.**

\_\_\_\_\_. As a condition of obtaining governmental approvals permitting the development of the Village Six Area with residential units, it was required that the **VILLAGE SIX HOMEOWNERS MUST AGREE TO COEXIST WITH THE NEARBY AIRPORT AND TO ACCEPT AND TOLERATE THE NOISE AND OTHER EFFECTS OF AIRCRAFT OPERATIONS AT OR NEAR THE AIRPORT.**

\_\_\_\_\_. Buyer acknowledges that Seller or Seller's predecessor has granted to the owner of the Airport, namely the City of Oakland acting by and through its Board of Port Commissioners (the "Port"), a **NOISE AND AVIGATION EASEMENT** that runs with the land of the Village Six Area and **BINDS ALL SUCCESSOR OWNERS OF LOTS IN VILLAGE SIX, INCLUDING YOU AND YOUR LOT.** The Noise and Avigation Easement contains waivers and releases that **RELEASES THE CITY OF OAKLAND, THE PORT AND ALL AIRPORT OPERATORS AND AIRLINES USING THE AIRPORT AND GRANTS THEM IMMUNITY FROM ANY CLAIMS OR LAWSUITS FOR DAMAGES OR FOR INJUNCTIVE RELIEF BY SELLER OR ANY SUBSEQUENT OWNER OF A LOT IN VILLAGE SIX, INCLUDING YOU.** The Noise and Avigation Easement also requires all successor owners of lots in Village Six, including you and your lot, to agree to **NOT OPPOSE ANY FURTHER USE AND DEVELOPMENT OF THE AIRPORT, INCLUDING THE FUTURE PHYSICAL EXPANSION OF THE AIRPORT FACILITIES AND RUNWAYS, OR THE INCREASED CAPACITY OR USE OF AIRPORT FACILITIES.**

\_\_\_\_\_. Buyer acknowledges that Buyer has **RECEIVED AND HAS READ A COPY OF THE NOISE AND AVIGATION EASEMENT.**

\_\_\_\_\_ **BUYER ACKNOWLEDGES AND AGREES THAT THE WAIVERS AND RELEASES IN THE NOISE AND AVIGATION EASEMENT ARE BINDING ON BUYER; THAT BUYER HAS NO RIGHT TO SUE FOR OR CLAIM DAMAGES RESULTING FROM AIRPORT OPERATIONS; AND THAT BUYER MAY NOT OPPOSE ANY FUTURE DEVELOPMENT OR EXPANSION OF THE AIRPORT.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Buyer

**EXHIBIT I-1**

44. Minimum setbacks within the Business Park shall be required as shown in the following table:

USES PROPOSED	ADJACENT USES	A. Other CM-PD zoned Land & uses	B. Residential	C. Lagoon	D. Bay Edge Park	E. Airport	F. Harbor Bay Pkwy	G. Bay Edge Road	H. Catalina Ave. (measured from north curb face) (d)	I. Street separating non-residential uses
1. Parking Lot, drives, rec. vehicle & mini-warehouse storage (a)	side or rear yard for small, 10', 15', 20' for each side or rear lots. (c)		35 <sup>(b)</sup>	25	25 <sup>(b)</sup>	15	50 <sup>(b)</sup>	35 <sup>(b)</sup>	67 <sup>(b)</sup>	20
2. Restaurants, retail, comm. entertainment			35 <sup>(b)</sup>	25*	25*	15	50	35*	82 <sup>(b)</sup>	20
3. Lt. mfg., offices/research up to 35' in ht. FAR 0.5 to 1.			35 <sup>(b)</sup>	25	35	15	50	40	82 <sup>(b)</sup>	25
4. Offices/Research up to 50' in ht. FAR 0.5 to 1.			100	35	50	15	50	40	132 <sup>(b)</sup>	35
5. Offices/Research up to 50' in ht. FAR 2 to 1.			100	35 ↓ to	50 ↓ to	15	50	40	132 <sup>(b)</sup>	35 ↓ to
6. Offices/Research up to 100' in ht.			100	55	100	15	50	40	144 <sup>(b)</sup>	65
7. Offices/Research up to 156' in ht. w/approved variance			125	55	100	15	50	40	167 <sup>(b)</sup>	100
8. Other mfg/storage			100 <sup>(b)</sup>	NA	NA	15	50 <sup>(b)</sup>	NA	82 <sup>(b)</sup>	35 <sup>(b)</sup>

(a) = Recreational vehicle storage or mini-warehouse storage areas require dense/tall landscape screening to minimize their visibility from adjoining areas. They shall not be located adjacent to the Catalina Avenue frontage.

(b) = Berm, dense/tall planting or grade separation greater than 6', or a combination thereof.

(c) = Parking to a side or rear lot line is permitted if adjoining property incorporates a minimum 15' wide landscaped area along the common boundary.

(d) \* Building heights within the business park shall be measured from the top of the north curb of Catalina Avenue.

\* = Restaurant may encroach subject to Staff approval.

Bay Parkway, Bay Edge Road, Mecartney Road and Aughinbaugh Way and at the residential interface along Catalina Avenue and the northerly project boundary.) It is only through the use of these techniques that a variety of compatible, but differing, architectural styles can be introduced while maintaining the overall harmony of the developments. Exhibits A, B, and C, dated 8/31/81, shall be used to illustrate the desired effect along these streets.

- (2) Each of these arterial streets should have its own strong landscape identity. The Street 1-C in the residential area, particularly along the Bay, should also be considered as an arterial.
- (3) Gateway effect at Harbor Bay Parkway entry to Business Park.
- (4) Feeling of termination of Harbor Bay Parkway at circle turn around and of Mecartney Road at the Bay edge.
- (5) Coordinated design within employee spaces and protection of employee open areas from wind and auto traffic.
- (6) Choice of hardy and drought resistant planting materials.

#### B. Architecture

- (1) Prominent buildings should be placed along the Harbor Bay Parkway spine.
  - (2) Protection of the hills-to-Bay continuity. Vistas should still be available from some areas.
  - (3) Design attention to minimize or mitigation of architectural bulk.
  - (4) Inclusion of commercial facilities within large buildings or at street level.
49. Applicant shall actively promote the conservation of renewable and non-renewable resources in the design, construction and operation of all facilities within the Business Park. One aspect of such promotion will be the distribution of resource conservation guidelines to purchasers of Business Park property. The guidelines shall be drafted by the Planning Department. Subsequent amendments to accommodate changes in technology or other conditions shall also be subject to approval of the Planning Department.
50. Pleasant employee open areas shall be provided for variable uses in each development within the Business Park - lunches, recreation, routes between offices, offices and parking areas. Solar and wind conditions shall be enhanced to provide comfort. Employee areas shall be protected from automobile traffic.



51. Clear signs shall direct employees and visitors to parking areas.
52. A sign manual shall be prepared by applicant and approved by the Planning Director to coordinate signage in the Business Park.
53. Bicycle and motorcycle parking shall be provided in close-in areas of parking lots.
54. Pedestrian access from buildings to bus stops shall be direct but not appear as a main access from the street to the building.
55. A plan for carpooling shall be presented with the Final Development Plan for the first building in the Business Park in Tract 4500, Condition #1.
56. Unenclosed uses, outside storage, and manufacturing activities with negative sensory impacts shall be prohibited.
57. Industrial wastes from the Business Park shall be disposed of in a safe and approved manner and shall not be introduced into City of Alameda sewage, storm water or solid waste disposal systems. In the event that specific waste disposal or discharge permits are required for uses proposed to locate within the Business Park, such permits shall be obtained prior to the City approving occupancy of buildings or sites proposed to contain such uses unless granting Government agency procedures require otherwise.
58. Utilities shall be coordinated and joint-trenched where feasible.
59. The developer shall be responsible for such improvements to the Alameda Sewerage System as are caused by development of Harbor Bay Isle needs for increased capacity, as shall be determined by the Director of Public Works based on on-going studies.
60. An acoustical analysis shall be submitted with building permit applications.
61. State standards for energy conservation shall be incorporated into building design. Applicant shall present a report on energy-saving devices and construction techniques and designs which will be used to achieve energy savings during construction and occupancy, to the Chief Building Official.
62. The location of all utility lines shall be coordinated and approved by Staff. Any above ground utility appurtenances including the two lagoon outfall structures not yet erected shall be located and screened so as to present a coordinated pleasing appearance with project design and landscaping.
63. The Federal Aviation Administration height limits shall be adhered to in the areas adjacent to the Metropolitan Oakland International Airport.
64. Parking provided shall not exceed 125% of that required by the Zoning Ordinance when some or all of the parking is provided for in a structure or structures.
65. The parking requirements for restaurants proposed by applicant shall be reduced to the amount required in the Alameda Zoning Ordinance.

66. A master landscape design plan for the open space buffer area adjoining and south of Catalina Avenue along the business park shall be submitted by Harbor Bay Isle to the Planning Department for review and approval prior to submittal of the Final Subdivision Map establishing business park lots along that frontage. Trees included in such plan shall be specific as minimum four inch (4") caliper and twenty foot (20') height. Purchasers of business park lots in this buffer area shall conform to the approved master landscape design plan when designing and installing landscaping in conjunction with development of their individual properties.
67. The master landscape design plan shall provide for the development by Harbor Bay Isle of a six foot (6') high earth berm with suitable erosion protection along the extent of the common boundary between the business park and Catalina Avenue. The top of the berm shall be a minimum of 6 feet above the top of the north curb of Catalina Avenue and shall in combination with landscaping obscure vehicles parked on adjoining business park properties. The berm shall be created in conjunction with the widening and improvement of Catalina Avenue, all of which will be accomplished upon the approval of the first structure to be erected within the business park westerly of the alignment of Street 3-E and northerly of the alignment of Harbor Bay Parkway, both as shown on the approved Tentative Subdivision Map for Tract 4500.
68. Landscaping within the public right-of-way of Catalina Avenue shall be maintained by the same entity or method as used for maintaining landscaping along other public streets within the business park. That portion of the landscape buffer along Catalina Avenue which occurs on private property within the business park shall be maintained by the owners of the respective properties.

The business park conditions, covenants and restrictions shall provide that the owner's association shall monitor landscaping maintenance on all portions of Catalina Avenue landscape buffer and take over the maintenance responsibility if not adequately performed to the satisfaction of the Planning Director.

69. Developer shall be responsible for meeting the requirements of increased fire protection facilities created by PD-81-2 and Tract 4500 by the provision of a fire station and site and/or money or a combination thereof. The specific location of the required fire protection facilities will not be established by PD-81-2 or the Tentative Map for Tract 4500. The ultimate location and configuration of the required facilities will be determined after appropriate public hearings through agreement between the City of Alameda and Harbor Bay Isle Associates within 12 months of the approval of PD-81-2.
70. During consideration of each final development plan for business park properties adjoining residential areas the design and location of exterior lights shall be evaluated in order to minimize to the greatest extent adverse impacts such as glare on the residential properties.

71. Each final development plan for properties adjoining the Bay Edge Park shall incorporate permanent design features to clearly define the property boundary between the public park area and adjoining private properties.

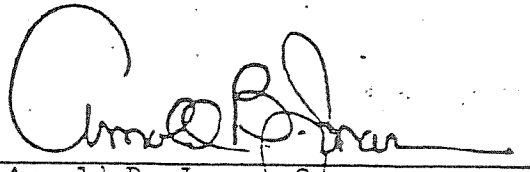
PASSED AND ADOPTED by the Planning Board of the City of Alameda on the first day of December, 1981, by the following vote:

AYES: 6 (Roveda, Simmons, Hanna, Narahara, Camicia, Kennedy)

NOES: 0

ABSENT: 1 (Wood)

ATTEST:

  
Arnold B. Jonas, Secretary  
City Planning Board

## Commercial Land Sales

	Location	Land Area (sf)	Sale Date Closing Date	Sale Price	Improved Area	Price/ Sq. Ft. Land	Price/ Sq. Ft.	Zoning	Comments
1	901-1001 66th Avenue Oakland 041-4056-004, 005, 006	708,286	Jun-08 Jul-08	\$ 19,050,000	NA	\$ 26.90	NA	M-30	Property was improved with old buildings in average to poor condition. Their interim use value is close to demolition costs.
2	633 Hegenberger Road Oakland 042-4328-001-16	538,837	NA Oct-09	\$ 13,775,000	NA	\$ 25.56	NA	C-36/S-4	Property was vacant at time of sale. Price reflects \$100,000 credit for toxic clean-up.
3	905 66th Avenue Oakland 041-4056-004 (portion)	274,428	Feb-09 Dec-09	\$ 8,885,102	NA	\$ 32.38	NA	M-30	Price includes \$138,000 for toxic remediation and \$1,000,000 for demolition. Purchased for retail site.
4	250 Hegenberger Road Oakland 044-5020-001-12, 001-16, 005-24	149,068	NA Apr-10	\$ 2,880,000	NA	\$ 19.32	NA	C-36/S-4	Improved parking lot sale. Tenant pays \$31,000 per month through 2012.
3	796 66th Avenue Oakland 041-3901-004	197,327 (gross)	Jul-09 Jul-10	\$ 5,600,000	14,010	\$ 28.38	NA	C-36/S-4	Purchased by Redevelopment Agency. Tenant will remain on an interim basis.
	North Loop Road Alameda 074-1337-019-01 074-1337-022-01 074-1337-025-01 074-1337-027-02 074-1337-029	533,610	NA NA	NA	NA	NA	NA	C-M/PD	Subject The five assessor's parcels have contiguous land areas of 8.96 acres, 2.81 acres, and 0.45 acres.

## LAND SALE 1

**Location:** Grand Street and Fortmann Way, Alameda

**Assessor's Parcel No.:** 072-0381-005 (portion)  
072-0381-008 (portion)  
072-0381-011



**Sale Price:** \$3,000,000

**Additional Costs:** None

**Total Price:** \$3,000,000

**Contract Date:** January 2005

**Closing Date:** September 8, 2009

**Document No.:** 290341

**Grantor:** Encinal Marina Ltd

**Grantee:** Warmington Grand Marina Associates

**Financing:** Conventional

**Land Sale 1 (cont'd.)**

<b>Land Area:</b>	235,224 square feet gross, per tentative map
<b>Shape:</b>	Irregular
<b>Frontage:</b>	On Fortmann Way and Grand Street
<b>Topography:</b>	Level
<b>Easements:</b>	None apparent
<b>Zoning:</b>	Buyer was responsible for having the property rezoned from M-2 to MX for residential use.
<b>Utilities:</b>	All available
<b>Offsites:</b>	All available
<b>Improvements:</b>	None
<b>Contaminants:</b>	None reported
<b>Surrounding Uses:</b>	Grand Marina, Pennzoil laboratory and storage, small commercial and housing.
<b>Proposed Development:</b>	40-unit single family housing development. The City of Alameda required 15% or six units to be below-market rate (BMR). The initial proposal called for 15 units of 2,139 square feet priced at \$775,000 plus premiums for views and 15 units of 2,373 square feet priced at \$790,000 plus premiums for views. The final development has 2,152 ad 2,373-square foot homes with base prices of \$689,000 and \$725,000. The BMRs will be 1,300 square feet. The price has not been established.
<b>Unit Costs:</b>	\$12.75/s.f. of gross land area \$75,000 per unit, including BMRs
<b>Comments:</b>	The sale was contingent on the buyer receiving all entitlements and negotiating the final number of BMRs with the City of Alameda. The final sale price was determined shortly before the sale closed.

## LAND SALE 2

**Location:** 2235 Clement Avenue, Alameda

**Assessor's Parcel No.:** 071-0290-001



**Contract Price:** \$30,000,000

**Additional Costs:** None

**Total Price:** \$30,000,000

**Contract Date:** 2011

**Closing Date:** Not available

**Document No.:** Not available

**Grantor:** Francis D. and Catherine M. Collins

**Grantee:** Pulte Homes

**Financing:** Not available

**Land Area:** 297,079 square feet

**Land Sale 2 (cont'd.)**

<b>Shape:</b>	Irregular
<b>Frontage:</b>	470.00 feet on Clement Avenue 605.00 feet on Oak Street
<b>Topography:</b>	Level
<b>Easements</b>	None reported
<b>Zoning:</b>	R-2/PD
<b>Utilities:</b>	All available
<b>Offsites:</b>	All in
<b>Improvements:</b>	124,000 square feet vacant industrial buildings in poor condition. Demolition cost is not available.
<b>Contaminants:</b>	Not available
<b>Surrounding Uses:</b>	Industrial, marine, retail and housing.
<b>Proposed Development:</b>	182 dwellings per City of Alameda. The parcel map is scheduled to be reviewed by the Alameda Planning Board in June 2011 and by the City Council in July 2011.
<b>Unit Costs:</b>	\$100.98/s.f. of land area \$164,835 per unit
<b>Comments:</b>	The price and conditions of the sale have not been confirmed with the parties to the sale. It is reasonable to assume that the completion of the sale will be contingent on the seller receiving all approvals from the City of Alameda. Additional contingencies are possible.



### LAND SALE 3

**Location:** McKay Avenue, Alameda

**Assessor's Parcel Nos.:** 074-1305-026 (portion)



**Current Bid:** \$1,050,000

**Additional Costs:** None

**Total Price:** \$1,000,000

**Bid Date:** July 5, 2011

**Closing Date:** Not available

**Document No.:** Not available

**Grantor:** United States Government

**Grantee:** Not available

**Financing:** All cash

**Land Area:** 169,827 square feet

### **Land Sale 3 (cont'd.)**

<b>Shape:</b>	Irregular
<b>Frontage:</b>	344.20 feet on McKay Avenue. McKay Avenue is a private street, owned by the State of California and leased to the East Bay Regional Park District. The Federal government has an easement over the street for access to its office buildings. Another use would require perfecting access.
<b>Topography:</b>	Level
<b>Easements:</b>	152 square feet in the southwest corner of the site in favor of the East Bay Regional Park District for the San Francisco Bay Trail.
<b>Zoning:</b>	A-P-G
<b>Utilities:</b>	All available. Housing would require extension of new utilities from Central Avenue. Costs are not available.
<b>Offsites:</b>	All in for existing use. Housing would require modification. Costs are not available.
<b>Improvements:</b>	Two office buildings, containing 25,232 square feet, in poor and/or unsafe condition as well as site improvements.
<b>Contaminants:</b>	The seller reports remediating soil contaminants. The improvements contain asbestos, lead based paint, and mold. Demolition cost estimates are not available.
<b>Surrounding Uses:</b>	Retail, government offices, housing, Crown Beach, public open space, and San Francisco Bay
<b>Proposed Development:</b>	The City of Alameda identifies the site as a housing site in the housing element of its General Plan.
<b>Unit Costs:</b>	\$6.18/s.f. of land area \$33,871 per unit, assuming 8 units per acre
<b>Comments:</b>	The owner has announced an on-line auction for this site, opening on June 1, 2011, with a minimum bid of \$1,000,000. The price shown is the bid as of July 6, 2011. The auction closing date has not been determined.